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National Association of Social Workers / Connecticut Chapter

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6355

**Testimony on HB 6355: An Act Requiring Pure Community Rating for Health Insurance
for Small Employers**

**Insurance and Real Estate Committee
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Presented By: Stephen Karp, MSW, Executive Director

The National Association of Social Workers, Connecticut chapter, a small non-profit employer that struggles with the costs of employee health insurance, supports HB 6355.

The current rating system for small employers allows insurers to set insurance premium rates on factors that include gender and age of the enrollee. Such a rating system has had the effect of encouraging bias against female and older employees. It is our belief that Connecticut statute should not, even if unintentionally, encourage gender and age bias.

The current rating system negative effects include:

- Encouraging employers to select younger candidates and in some cases male candidates as such employees will cost the small employer less in health insurance premiums.
- Potentially drives down the salary for women and older employees.
- Makes it more difficult for older employees to find work, especially in this economy where there are so many persons seeking employment.
- Creates the situation where small employers that offer employee health insurance may make hiring decisions based at least partially on the future employee's health care premiums, instead of basing the hiring decision solely on who is the most qualified applicant.
- In essence penalizes small employers who retain employees for many years, due to aged based premiums that increase health insurance premiums at five year intervals.

Some of the above factors came into play in our Association's most recent hire. I estimate that the applicants ages ranged from late 20's to upper 50's. All of the candidates were women. The candidate selected was the oldest of the applicants and because of gender and age we had to offer the applicant the bottom of the salary range even though her experience justified a higher starting salary. The cost of health insurance made it unaffordable to pay the employee a starting salary that was commensurate with her skills and experience.

This year our Association had a 42% increase in our health insurance premiums and according to our independent insurance broker a large part of the increase is due to an employee turning 55 last year (our insurance is rated in five year brackets). The increase forced us to switch to a

policy that quadruples employee costs for hospitalization. Next year I will move into a new age bracket and no doubt the Chapter will again be faced with the same problem.

As a small non-profit employer we struggle to afford comprehensive health insurance coverage for eligible employees. This struggle is greatly intensified by the current rating system of gender and age, a system that larger employers do not have to contend with. It is a system that unfairly penalizes both small employers who hire women and experienced workers, and those women and older workers who need health care coverage as part of their employment. We urge the Insurance Committee to take the first step to rectifying this issue by passage of HB 6355: An Act Requiring Pure Community Rating for Health Insurance for Small Employers.